

CHAPTER 3-04-02

INDEPENDENCE, INTEGRITY, AND OBJECTIVITY

Section

3-04-02-01

Independence

3-04-02-02

Integrity and Objectivity

3-04-02-01. Independence. An accountant or a firm of which the accountant is a partner or a shareholder shall not express an opinion on financial statements of an enterprise unless the accountant and the accountant's firm are independent with respect to such enterprise. Independence will be considered to be impaired if, for example:

1. During the period of the accountant's professional engagement, or at the time of expressing the opinion, either the accountant or the firm:
 - a. Had or was committed to acquire any direct or material indirect financial interest in the enterprise;
 - b. Was a trustee of any trust or executor or administrator of any estate if such trust or estate had or was committed to acquire any direct or material indirect financial interest in the enterprise;
 - c. Had any joint closely held business investment with the enterprise or any officer, director, or principal stockholder thereof that was material in relation to the accountant's or the firm's net worth; or
 - d. Had any loan to or from the enterprise or any officer, director, or principal stockholder thereof except as permitted by Interpretation 101-5 of the AICPA Code of Professional Conduct, as of July 1, 1999.
2. During the period covered by the financial statements, during the period of the professional engagement or at the time of expressing an opinion, the accountant or the firm:
 - a. Was connected with the enterprise as a promoter, underwriter, or voting trustee, a director or officer, or in any capacity equivalent to that of a member of management or of an employee; or
 - b. Was a trustee for any pension or profit-sharing trust of the enterprise.

The examples set out in this section are not intended to be all inclusive.

History: Amended effective March 1, 1995; October 1, 1999.

General Authority: NDCC 43-02.2-03

Law Implemented: NDCC 43-02.2-03

3-04-02-02. Integrity and objectivity. An accountant shall not knowingly misrepresent facts, and when engaged in the practice of public accounting, or the rendering of consulting or tax services, or management or financial advisory services, shall not subordinate the accountant's judgment to that of others.

History: Amended effective July 1, 1991; October 1, 1999.

General Authority: NDCC 43-02.2-03

Law Implemented: NDCC 43-02.2-03